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French picker admires grapes that will be used for manufacture of wine, a major export earner in French trade with the United States, which purchased 44 percent of its imported wine from France last year. See article beginning this page.

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Soybeans and Wine Power U.S.–French Trade to Record

By LORIN O. LOVFALD
Foreign Demand and Competition Division
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TWO COMMODITIES—soybeans and wine—are continuing to dominate two-way agricultural trade between the United States and France. In 1972, soybeans and soybean meal accounted for 46 percent of all U.S. farm exports to France, while wines enjoyed a 55-percent share of U.S. farm imports from France.

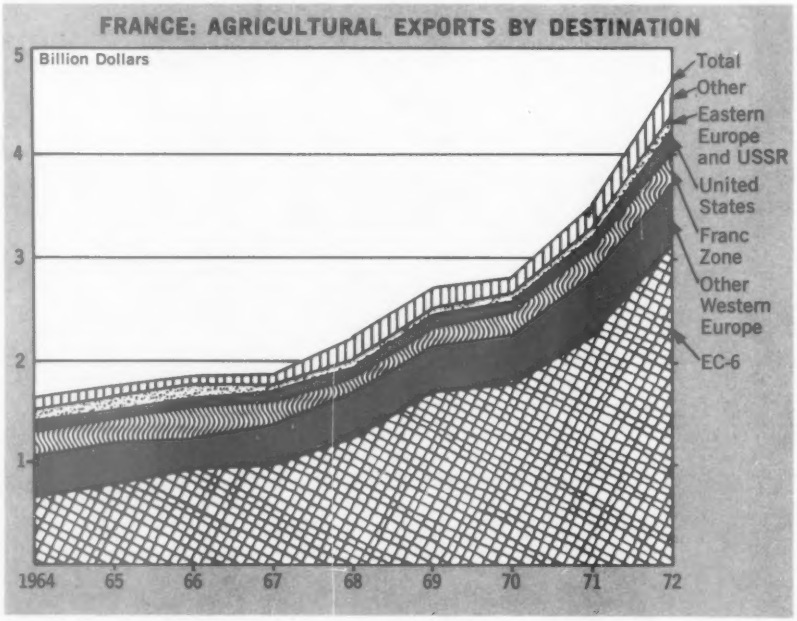
Largely as a result of soaring prices of both products, the value of total U.S. exports to France through September 1973 rocketed 76 percent over these months of 1972 and U.S. imports from France advanced 49 percent—speeding U.S.-French trade toward yet another record level this year.

Although neither country considers the other a major market for agricultural products—ranking 7th to each other in 1972—France and the United States lean heavily on each other for certain commodities. In 1972, France imported 86 percent of its soybeans and 73 percent of its soybean cake and meal from the United States.

Moreover, French trade data indicates that another 22 percent of soybean cake and meal in 1972 was imported from other European Community (EC) countries and consisted largely of processed U.S. soybeans or transshipments.

Despite temporary restrictions on U.S. oilseed exports in mid-1973, U.S. soybean movements to France this year are well ahead of 1972's. During the first 9 months of 1973, shipments totaled 9 million bushels, compared with 7.7 million in these months of 1972. Through September, soybean meal exports at 474,000 tons were slightly above the 471,000 tons shipped in the like period last year.

French wines were again the major farm product imported by the United States, which purchased 44 percent of its imported wines from France last year. Although French wine sales to the United States have grown steadily for a number of years, 1972 exports of $85.8 million represented a whopping



49 percent growth over 1971, and accounted for 55 percent of all U.S. farm imports from France.

Essential oils, particularly resinoids, are second leading U.S. import, followed by vegetables and preparations. Rebounding to the strong position of the late 1960's were French cheeses, especially Roquefort, which accounted for $4.3 million in sales to the United States last year.

As a market for French farm products, the United States was seventh in 1972—behind all EC countries (Belgium-Luxembourg combined), the United Kingdom, and Switzerland. Total U.S. farm imports from France in 1972 reached $156.3 million, a 47-percent increase over 1971.

But U.S. farm export sales to France in 1972, advancing to $271.7 million, netted a $115.4-million agricultural trade margin for the United States. In addition to soybeans, leading U.S. exports included variety meats, wheat, cattle hides, and citrus fruit.

Raw cotton, an important U.S. export to France since before the U.S. Civil War, rebounded slightly in value in 1972 despite a general downward trend for several previous years. For 1973, U.S. cotton sales to France are up sharply from a year ago. Through September, 106,000 bales have been exported, nearly double shipments for all of 1972.

Cotton was the leading U.S. farm export to France until 1965 when it was surpassed by soybean meal. As recently as 1960, the United States shipped 694,000 bales worth $95.5 million to the French market.

The Soviet Union was France's leading supplier of cotton in 1972, shipping 207,000 bales. Turkey and Brazil supplied 113,000 and 83,000 bales, respectively, followed by the United States with 60,000 bales.

The U.S. share of France's agricultural market has consistently remained about 8 percent. On an individual-nation basis, the United States has ranked as third-largest supplier for the past 2 years—trailing only the Netherlands and Belgium-Luxembourg.

As a share of total U.S. trade with France, however, agricultural exports have declined significantly from 44 percent in 1950 to 17 percent in 1972. Since the inception of the Common Agricultural Policy (CAP) in 1962, agriculture's share of total U.S. exports to France has never exceeded 20 percent.

Although the value of U.S. agricultural sales to France has nearly doubled in the past 10 years, growth has been limited to nonvariable-levy items. Except for 1972, U.S. exports of commodities subject to the levy, such as grains, rice, beef, pork, poultry, and dairy products, have steadily declined since 1965.

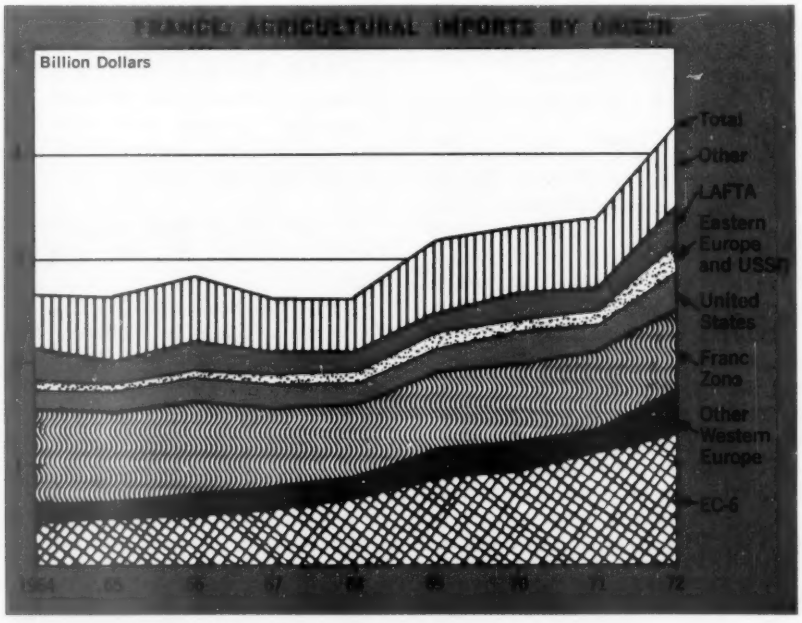
France's agricultural trade climbed to an all-time high in 1972 when exports and imports each topped $4 billion for the first time. Farm exports grew 34 percent to $4.7 billion, while purchases rose 25 percent to $4.2 billion—netting a trade surplus of $507 million.

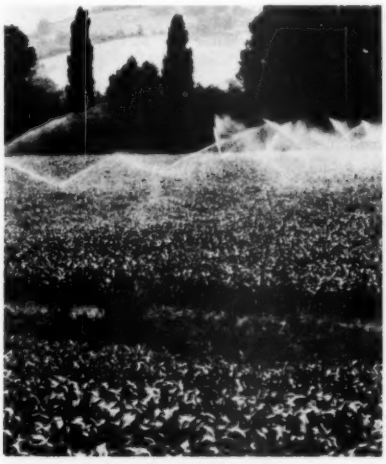
But the growing self-sufficiency of French agriculture is evidenced by agriculture's declining share of total trade. Agricultural imports in 1972 represented 13 percent of total purchases, a steady decline from the 35 percent registered in 1960. Farm exports as a percent of total exports have remained relatively stable—between 14 and 18 percent—over the past several years.

As in the United States, France's agricultural exports have played a major role in bolstering a sagging trade balance.

Until a currency realinement in August 1969, France's overall trade balance, as well as its agricultural balance, had run in the red for 7 consecutive years. Bottoming at a record $2.3 billion in 1969, the deficit balance recovered in 1971 to $717 million—smallest since 1965. In the farm sector, trade moved from a traditionally large deficit to a surplus in 1971 and again in 1972.

Major credit for the surge in French farm exports belongs to the EC's common farm policies. The CAP structure of high farm price supports and preferential trade arrangements has encouraged expansion of output, particularly





Corn, grown under irrigation in southwest France, is an important French export, moving principally to other EC countries. Last year, grain sales were the highest ever, with 7.7 million tons of feedgrains and 5.4 million tons of wheat sold.

grain. France, largest agricultural producer in the EC, has benefited measurably from these policies.

Encouraged by the favorable CAP trade policy, French trade with EC member countries has expanded dramatically, especially on the export side. The original members took only 42 percent of French farm exports in 1964, compared with 62 percent in 1972. Meanwhile, French sales to other West European countries dropped from 24 percent in 1964 to 13 percent in 1972.

The original EC member countries are also the most important bloc of producers for the French market. Their share stood at 30 percent in 1972, up from 15 percent in 1964.

While the EC provides a favorable framework for marketing abroad, France has exploited the opportunity largely through the efforts of the major French agricultural sales promotion agency—the Society for the Promotion of Sales of Food and Agricultural Products (SOPEXA). This non-Government agency, consisting of professional organizations within French agriculture, was created in 1961 to promote agricultural exports, but has since expanded to assist in developing the domestic market.

SOPEXA objectives include maintaining a French presence at trade fairs and developing new markets for French products. Offices are maintained in 12 countries, including most EC member countries, Canada, Japan, Spain, Sweden, Swtizerland, and the United States.

French ties with its territories and former colonies, the Franc Zone nations, have loosened noticeably over the past several years. The Franc Zone comprises a group of 28 countries, 20 in Africa and 4 each in the Western Hemisphere and South Pacific. Currencies in these countries are backed by the French franc. They receive preferential status in EC trade. In 1964, France sold 17 percent of its farm exports to the Franc Zone, but by 1972 the share had dwindled to 7 percent.

On the import side, the change has also been significant. France has historically depended on its former colonies for fruits, sugar, and other tropical products.

Between 1964 and 1972, however, the value of agricultural imports from Franc Zone nations dropped from $956 million to $835 million, or as a percentage of total agricultural imports

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France To Be Leading Producer In Europe by 1985, Says Study

By JOANN M. HALLQUIST
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THE SPECTACULAR record of French economic growth is the topic of a recent study[1] prepared by the Hudson Institute, the New York-based "think tank," at the request of the French Government. The image of Europe of the future will need to be revised if its projections prove to be correct.

Among other conclusions, the study contends that:

- France has been overlooked in the wide attention paid to the German and Japanese economic miracles of the postwar period.
- France, not Germany, has the most dynamic economy of Western Europe.
- France is not economically weaker than Germany as is widely believed; France already exceeds Germany in terms of per capita production.
- French industry can compete with that of Germany.
- France has the most favorable prospects for a future strong growth record in the years to come.

The data on which these optimistic observations are based are traditional sources—primarily those published by the World Bank and the Organization for Economic Cooperation and Development (OECD) in Paris.

The future is said to be even more glowing.

If French growth continues at the 5.8-percent rate of the past decade, France in 10 years can hope to be the strongest economy in Europe in terms of total production. France will surpass Germany's total economic production in the next decade.

By 1985 the French will have per capita wealth equal to that of Sweden, and shortly thereafter gross national product (GNP) per capita will exceed that of Sweden.

The economic handicap of the United Kingdom, now weakest of the three principal European powers, is projected to increase from now to 1985 and beyond. Based on trends of the last 30 years, Italy will overtake the United Kingdom by 1980 in per capita GNP. Total GNP of Italy will exceed that of the United Kingdom in 1985. The less-affluent countries of Mediterranean Europe—Spain and Greece—will continue to have very rapid growth.

While the authors grant the limitations of assuming the continuation of past trends, they have calculated that by 1985 France will have the world's fifth highest per capita GNP (based on OECD data computing GNP by market prices), following the United States, Japan, Sweden, and Canada.

But using International Monetary Fund data that employ factor costs, France by 1985 will have the third highest per capita GNP. Using a "purchasing power parity" exchange rate developed by a German research institution, France will have the highest per capita GNP.

The estimates differ in that 1971 French GNP was only 76 percent of German GNP in current prices at the official rate of exchange. Using the purchasing power parity rate, however, it was more than 89 percent of the German GNP. The undervaluation is attributed to differing price structures in France and Germany and unrealistic relationships of the Deutsche mark and the French franc vis-a-vis the U.S. dollar.

By any one of these calculations, France is hardly the "sick man of Europe."

Germany is generally throught of as the dynamic European economy. Yet the German growth rate in the 1960's was 4.8 percent, a level behind that of France. For numerous reasons, including the effects of Deutsche mark revaluations, Germany's growth rate is estimated to continue to lag behind that of France. Compared with the United Kingdom, French GNP today is 25 percent larger, reversing the 1958 situation. In terms of longer term trends, forecasts are that Germany and

[1] L'Envol de la France (The Economic Takeoff of France), Librairie Hachette, 1973.

the United Kingdom will continue to lag behind.

The high rate of French growth in the past two decades, according to the study, is attributed to two principal factors: Its labor force and its favorable investment climate.

The labor force is characterized as harder working, better educated, and more productive than those of neighboring countries. Unlike the United Kingdom and Germany, France did not experience a postwar brain drain of engineers to the United States.

In the 1960's, France had the highest West European birthrate except for the Netherlands and generally has a young and growing population that will enter the work force in years to come.

Manpower availability in the past two decades has been adequate, but heavily dependent on foreign sources. Immigrant workers range as high as 3.5 million and receive a wage 10 to 20 percent less than French labor for the same work. The rate of productivity growth has also exceeded that of the other neighboring European countries.

A favorable investment climate has produced a very high ratio of investment to GNP. The French are investing more than ever before, more even than neighboring Germany, and investing in France itself. France has invested more than Germany in high technology—aerospace, computers, and electronics—much of which is competitive with U.S. products.

Germany, on the other hand, is disadvantaged on world markets by Japanese competition in such lines as heavy industry, automobiles, and precision instruments. The study notes that U.S. investment, contrary to popular opinion, is not in key industries, but is mainly in agricultural equipment, plastics, chemicals, and metallurgy.

The picture is not all unblemished. The report identifies some pressing social problems, including inadequate housing for low-income families, excessive dependence on poorly-paid foreign labor, inadequate income distribution compared with countries at a similar level of development, and an underdeveloped social infrastructure, particularly in the areas of education, the national road system, and the telephone network.

PER CAPITA GROSS NATIONAL PRODUCT, 1969-1985

Country	GNP 1969		Average annual GNP growth rate 1960-1969	GNP 1985	
	U.S. dol.	*rank*	*U.S. dol.*	*U.S. dol.*	*rank*
United States	4,240	1	3.2	7,018	1
Japan	1,430	14	10.0	6,570	2
Austria	1,470	13	3.9	2,711	14
Belgium	2,010	9	3.5	3,485	11
Denmark	2,310	6	3.7	4,131	5
Finland	1,980	10	3.9	3,652	10
France	2,460	5	4.8	5,209	3
Germany	2,190	7	3.7	3,917	9
Ireland	1,110	16	3.5	1,925	18
Italy	1,400	15	4.7	2,919	12
Netherlands	1,760	12	3.1	2,868	13
Norway	2,160	8	4.0	4,046	8
Portugal	510	19	4.9	1,096	19
Spain	820	18	6.5	2,246	16
Sweden	2,920	2	3.4	4,986	4
Switzerland	2,700	3	2.6	4,070	7
United Kingdom	1,890	11	1.9	2,514	15
Greece	840	17	6.2	2,199	17
Canada	2,650	4	2.8	4,122	6

Source: World Bank.

GROSS NATIONAL PRODUCT, 1970-1985

Country	Per capita GNP 1970		Annual GNP growth rate 1970-1985	Annual per capita GNP growth rate 1970-1985	Per capita GNP 1985	
	U.S. dol.	*rank*	*U.S. dol.*	*U.S. dol.*	*U.S. dol.*	*rank*
United States	4,850	1	4.35	3.12	7,689	1
Japan	1,910	14	10.05	8.99	6,948	2
Austria	1,940	13	5.00	4.53	3,771	12
Belgium	2,670	9	4.90	4.36	5,064	7
Denmark	3,200	5	3.75	3.03	5,007	8
Finland	2,180	11	4.55	4.20	4,041	11
France	2,920	7	5.90	4.84	5,933	5
Germany	3,020	6	4.80	3.76	5,254	6
Ireland	1,320	16	4.70	4.26	2,468	17
Italy	1,700	15	6.05	5.23	3,652	14
Netherlands	2,400	10	4.15	2.87	3,669	13
Norway	2,900	8	4.45	3.65	4,965	9
Portugal	660	19	6.65	5.79	1,535	19
Spain	970	17	5.80	4.74	1,943	18
Sweden	3,820	2	4.05	3.30	6,217	3
Switzerland	3,260	4	3.30	1.96	4,362	10
United Kingdom	2,150	12	3.30	2.70	3,206	15
Greece	950	18	7.55	6.90	2,585	16
Canada	3,550	3	5.40	3.63	6,061	4

Source: Organization for Economic Cooperation and Development.

WHAT ARE the implications if the growth rates of France, the United Kingdom, and Germany as well as other Western European countries are as disparate as suggested?

According to the study, the nations of Western Europe in the mid-1950's were on a closer plane in terms of per capita national income than they are today. The gaps have increased, not decreased.

Now, all three major economic powers are members of the European Community, since the accession of the United Kingdom on January 1, 1973.

Differing growth rates can produce new power relationships and accompanying tensions. This is especially true when countries lose their traditional positions of economic leadership. Germany and the United Kingdom in the next two decades may find themselves economically disadvantaged compared with the French and also with regard to the fast-growing Southern European countries. If France grows at the rate predicted by this study, the level of tensions could well be determined by the role the new-found strong economic powers choose to play.

Policy decisions in intra-Europe councils will have to be made on such questions as: Should budgetary

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France Gears Its Farm Policies To Common Market Food Demand

By KENNETH E. OGREN
U.S. Agricultural Attaché
Paris

As THE LEADING grain, livestock, and poultry producer and the second most important grower of fruits and vegetables, France has a commanding position in the European Community (EC). The country is a large agricultural trader and has oriented its trade to West European markets, particularly the other EC countries. West Germany is its most important customer. Generally, France's policies are geared to the Common Agricultural Policy (CAP) of the EC and imports from non-EC sources frequently are subject to quotas or variable levies.

French agriculture, like that of many developed countries, is moving toward a smaller number of farms of larger size, more mechanization, and increased cooperatives. Also, the French people, like those in other developed countries, are using more frozen and partially prepared foods.

While these changes are not explosive, their long-range impact touches all segments of the agricultural economy.

The country's farm population is high compared with that of the United States, but it is dropping. In 1972, there were 6 million people on French farms—less than 12 percent of the total population, compared with 15 percent in 1967.

Meanwhile, the average size of farms is rising. In 1972, the average size of a French farm was 55 acres, compared with 47 acres in 1967. However, French farms are generally small, with more than 70 percent under 50 acres. But, since 1967, there has been an increase in farms of more than 50 acres and a drop in those of less than 50.

Because of rising wages for farm workers and the added difficulty of finding seasonal employees, French agriculture is becoming more and more mechanized. The number of tractors continues upward. In 1972 there were 1.35 million, compared with 760,000 in 1960. And other, more sophisticated equipment, such as harvesters and grape picking machines, is in strong demand. The French Government is providing credit to enable farmers to buy more powerful equipment, and often the bigger machines are owned by groups of producers or cooperatives.

The importance of cooperatives is expanding. In 1969, there were 5,070 cooperatives and cooperative-type organizations supplying, processing, and marketing farm products, with the largest volume of business in those handling cereals, fresh fruits and vegetables, and wines. An additional 13,000 shared the use of farm equipment. These organizations have 5 million members and employ 118,000 workers.

The modification of the French way of life over the last decade has changed the food habits of the people. More women are working and more people are centered in urban areas and there has been a rapid rise in the use of frozen foods, partially prepared dishes, and lunches away from home.

PARTLY as a result of this, the total expenditure for food has risen 35 percent in the last decade. However, the increased cost for food has been less than the advances in total disposable income. Thus, the bite that food takes out of the household budget has declined—from 37.3 percent in 1959 to 27.4 percent in 1971.

France is Western Europe's most important grain producer and output in the 1973 crop year reached an alltime high. The 41-million-ton[1] harvest was 71 percent above the 1960-64 average, with only a 6-percent expansion in acreage. Declines in output of rice, oats, and rye were more than offset by considerable gains in corn and barley acreage and production and a general increase in yields for all cereals except rice.

Wheat yield reached a record 67 bushels per acre because of improved techniques and concentration of production in the best growing areas. And new hybrid corn varieties have allowed production to move northward from the traditional southwest to the French-Belgian border. Corn acreage is expected to be up to 7 million acres by 1980 with crops of 15 million to 18 million tons annually.

Potato output, on the other hand, is declining because the French people are not eating as many potatoes. There are about a million potato growers in the country with average growing areas of about 1 acre each.

The other important root crop is sugarbeets. Production is responding to high world demand for sugar, and output is expected to reach 2.9 million tons in 1973.

There are only two important oilseed crops in France—rapeseed and sunflowerseed. Both are grown mostly in the southern and central part of the country. The adverse publicity on erucic acid levels has not hurt rapeseed production and, with the new low erucic acid varieties becoming available, acreage is expected to remain stable. Production of sunflowerseed is rising, with 110,000 acres planted in 1973.

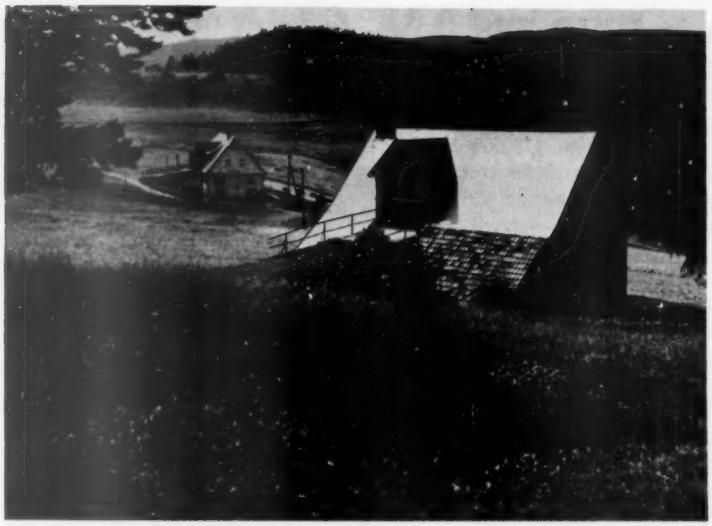
Soybeans are now cultivated experimentally on 1,000 acres in the southwest. But several steps are being taken to encourage production of seedstocks. Premium payments are being offered. The Government is supplying about $581,390 for up to 9,884 acres of soybeans in order to supply production of seedstocks for 1975. The goal is to reduce French dependence upon imported oilseed products.

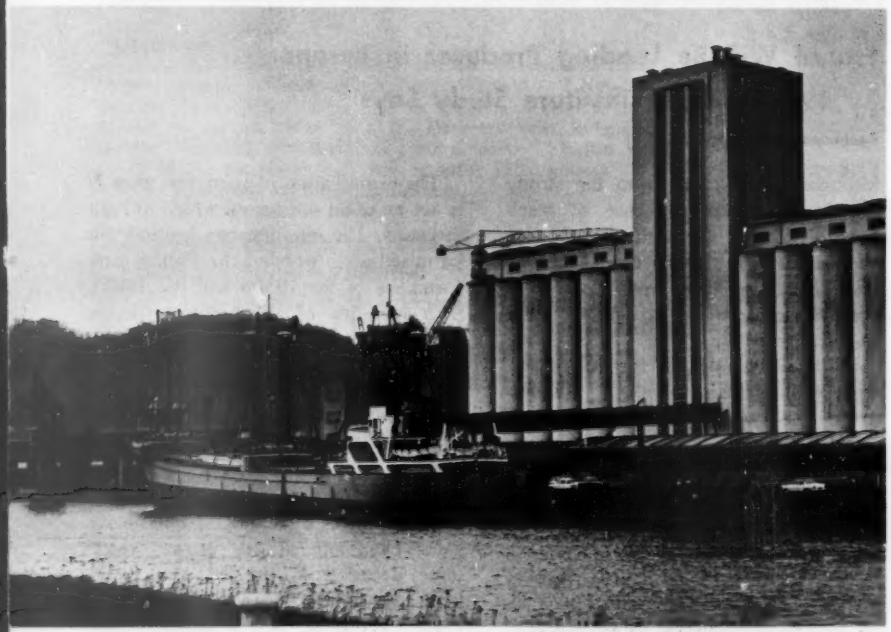
Also, the French have asked the European Community to extend the Common Agricultural Policy to include soybeans, and subsidies have been proposed to encourage expansion of commercial production.

The CAP has already been applied to tobacco and the Government tobacco monopoly no longer has direct control of French production. Therefore, producers are organizing to provide a new representative for their interests. Most of the producers have small operations in the southwest and Alsace, but output is becoming more specialized and the number of acres planted to tobacco is expanding.

Vineyard acreage, on the other hand, is steady and the Government is concentrating on improving quality, particularly in the big production regions along the Mediterranean coast. A plan

[1] All tons are metric.





Small farms (top) are traditional in the Vosges Department, but in the Oise Department (center) larger farms set the pace. At Rouen (bottom), incoming cargo ship loads grain for export. Photos by Ministry of Agriculture.

to upgrade wine grape growing has been proposed by the Ministry of Agriculture.

France is the second largest grower of fruits other than grapes in the EC, accounting for nearly a quarter of total output. Between 1961 and 1968, French fruit production doubled—from 1.9 million to 3.6 million tons, and since 1968 has stabilized between 3.5 million and 3.7 million. Four fruits represent nearly 90 percent of total output. They are apples, with 48.5 percent; peaches, 16.5 percent; pears, 15; and table grapes, 8.

France also ranks second in the EC in vegetables, with 28 percent of total output. Although the quantity grown in the last 5 years has been steady at about 5 million tons, there has been an improvement in quality.

In addition, France is a leader in Western Europe in livestock production. In many regions, agriculture is based on cattle, with dual-purpose breeds, which provide the largest sources of French farm income, kept for both milk and beef. About 60 to 70 percent of the beef comes from culled cows. After declines in 1969 and 1970, milk output in 1973 is expected to be up 10 percent.

MOUNTING FRENCH milk production is largely responsible for surpluses of milk and butter throughout the EC. The annual average output per cow now stands at 7,200 pounds as low-producing animals are being eliminated and dairy herds upgraded. Farm production of butter and cream is very low because most milk is delivered to cooperatives or private dairies for bulk handling.

Pork is France's second principal meat product, and hogs are found throughout the country. However, the largest concentrations of hogs are on small farms in the north and west. France is 85 percent self-sufficient in pork production.

The country has long been Europe's leading producer and consumer of poultry—mainly chickens. A large share of chicken meat output is broilers, although turkey production is mounting.

If the present EC policies continue over the coming decade, France can expect continued surpluses of milk and soft wheat and larger output of feed grains, pork, eggs, and poultry. However, France will continue to import Durum wheat and oilseeds and probably will boost its exports of beef, apples, and pears.

France's Cotton Imports Up in 1972-73 But Industry Sees Troubled Times Ahead

French cotton imports rose slightly in 1972-73 (Aug.-July) but problems cloud the outlook for the 1973-74 season.

French tradesmen believe that a Government-imposed limit on credit to spinners will cut the amount of money available for cotton purchases. This could cause a falloff in imports, forcing the industry to dip deeply into current stocks. There is also concern that the United States will impose export controls on cotton and that Japanese buyers will outbid the French for the U.S. fiber.

Competition from manmade fibers caused cotton used by the French spinning industry to drop by 9.4 percent between 1964 and 1972. During the same period, utilization of noncellulosic artificial fibers skyrocketed by 320 percent and cellulosic fiber use rose by 10 percent.

Also troubling the industry is an interprofessional agreement sponsored by the Government which prevents spinners from passing on to consumers the full range of increases in raw cotton costs. Because of inability to up the selling price of manufactured goods, industry profit margins are dropping.

The Spinners' Association intends to ask the Government to allow prices of manufactured goods to reflect the total manufacturing costs of cotton yarns. But there are some in the industry who believe passing these additional costs on to the consumer will further depress cotton consumption.

The increase in France's total cotton imports was 9 percent in 1972-73 but much of the foreign fiber was used for stockbuilding when an expected jump in use did not materialize.

The United States was the principal beneficiary of the import boost. France received 167,000 bales of U.S. cotton, compared with 53,000 the previous season. Imports from the Franc Zone were down to 282,000 bales from 289,000 a year earlier, but those from the Soviet Union set another record at 232,000 bales, again making the USSR the largest single supplier. During the previous season imports from Russia were about 197,000 bales.

Turkey, at one time the No. 1 single supplier, dropped to third place behind the United States. Imports from that country decreased from 179,000 bales in 1971-72 to 112,000 bales this past year, principally because of Turkey's refusal to honor cotton contracts after market prices rose higher than those previously agreed on.

U.S. exports to the European Community in the current season, and particularly to France, are expected to drop sharply from the 1972-73 figure to about the former 55,000-bale level. This expectation appears to be confirmed by registered shipping orders for U.S. cotton by members of the French Importers' Syndicate. Purchases stood at only 12,000 bales for the September-November 1973 period, compared with 35,000 bales for the same months last year.

During calendar 1973, imports of Russian cotton were expected to reach a new record of 276,000 bales. However, for the 1973-74 marketing year, total imports from the USSR may not exceed the 1972-73 level of 232,000 bales. The Soviet Union had stopped offering good quality cotton by early September, and only a number of small orders for second choice cotton had been registered for delivery in 1974.

Purchases of Turkish cotton may continue to slide during the current marketing year because of French uncertainty about the firmness of contract prices.

Despite the amount of raw cotton that went into spinning industry stocks when expected consumer growth failed to materialize, end-of-year yarn stocks were not higher than the low level on hand at the beginning of the 1972-73 marketing year. Utilization of raw cotton by the industry in 1972-73 was probably only 1.02 million bales, slightly less than the 1.08 million bales of the previous season.

French cloth sales to Germany are being cut into by the declining value of Italian currency relative to the French franc. This gives the sales edge in Germany to Italian weavers. However, much of the French loss has been made up by increased sales on the domestic market.

Because of the uncertain price situation by September 1973, spinners had accepted few orders for 1974 delivery. Generally by that time, orders for first quarter delivery are completed. Speculation by the trade is that cotton yarn production will decline during the second half of the 1973-74 marketing season.

France Will Be Leading Producer in Europe By 1985, Hudson Institute Study Says

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resources be diverted from the strong growth economies to those of weak growth? Should the high growth area be deliberately slowed down? Is the pool of foreign labor supply likely to continue, or for that matter, should it be encouraged?

If the economies of the Mediterranean Basin continue to prosper, as seems to be the case, fewer laborers from Greece, Spain, Turkey, and North Africa are likely to seek employment in Europe. Fewer Italians now migrate in search of employment than was the case in earlier years.

The number of Spaniards seeking work in France has fallen short of goals set by French planning. Fewer workers from these countries also means that industry will need to invest more capital and rely less on cheap foreign labor.

The examination of economic growth is not an exact science on which to base forecasts. The question can legitimately be raised as to whether the French performance of the 1950's and the 1960's is a measure of what future trends might be, particularly when unknowns such as potential energy supplies are taken into account.

There have been long periods, especially during the late 1900's and the early part of the 20th century, when France was stagnant economically. Germany and the United Kingdom made giant economic strides during these same decades. Is the long-run trend truly reversed? If the forecasts of French economic power made by this study are carried forward into the future, the political power structure of Europe will have an entirely new face.

CROPS AND MARKETS

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Dec. 18	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	6.28	+ 8	3.23
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	2.98
U.S. No. 2 Dark Northern Spring:			
14 percent	6.23	+11	2.98
15 percent	(1)	(1)	2.99
U.S. No. 2 Hard Winter:			
12 percent	6.30	+32	2.98
No. 3 Hard Amber Durum	9.10	+19	2.94
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.45	+ 5	2.07
Argentine Plate corn	3.66	+ 5	2.40
U.S. No. 2 sorghum	3.35	+ 5	2.19
Argentine-Granifero sorghum	3.33	+ 4	2.20
U.S. No. 3 Feed barley	2.84	− 4	1.84
Soybeans: [3]			
U.S. No. 2 Yellow	6.70	−44	4.76
EC import levies:			
Wheat [4]	[5] 0	0	.86
Corn [6]	[5] 0	0	.72
Sorghum [6]	[5] 0	0	.57

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] New crop. [4] Durum has a separate levy. [5] Levies applying in original six EC member countries. Levies in U.K., Denmark, and Ireland are adjusted according to transitional arrangements. [6] Italian levies are 18 cents a bu. lower than those of other EC countries.

Note: Price basis 30- to 60-day delivery.

World Grain Supplies Increase But Demand Remains Strong

Only moderate changes have occurred in world grain supply and demand estimates for 1973-74 since the last USDA report on world grain, which was based on conditions as of October 26. The world wheat production estimate has been raised by 3.1 million tons, and the estimate of world feedgrain production has been increased by 14.3 million tons over the October 26 level.

The 1973-74 world trade estimate for wheat has been increased by 1 million tons, mainly because of an upward revision in the estimate for intra-EC trade; the 1973-74 world feedgrain trade estimate has been decreased by 200,000 tons.

The principal recent developments affecting world grain trade in 1973-74 include:

- An upward revision of world wheat and feedgrain production, largely because of an increase in the Soviet grain crop estimate;
- A decline in the Australian wheat crop estimate because of rust damage; and
- Additional confirmation of an excellent rice crop in South Asia.

Upward revisions of wheat import estimates for some countries, including several in the North Africa-Middle East area, have been partly offset by reductions for other areas, particularly the USSR.

Currently, U.S. exports of wheat are estimated at 32 million tons (1,175 million bushels) for 1973-74, compared with 31.3 million tons (1,150 million bushels) estimated as of October 26. The U.S. wheat export estimate was increased mainly because exports from other countries seem likely to fall short of earlier projected levels. U.S. feedgrain exports continue to be estimated at 37.3 million metric tons for the July 1973-June 1974 period. The aggregate estimate of crop-year periods for feedgrains for 1973-74 is also unchanged at 36 million metric tons, or 39.7 million in terms of short tons.

World consumption estimates for both wheat and feedgrains for the July-June season have been refined since the October 26 report because of adjustments taking into account known and estimated stocks changes for a number of additional countries. The reduction which now appears likely between 1972-73 and 1973-74 consumption levels for wheat is a reflection of lower feed usage in the current year in many countries.

World rice production in 1973 is estimated at 307.1 million tons, about 8 percent, above the 1972 level and 2 percent above the October 26 estimate. Foreign trade in rice is expected to be 7.4 million tons in calendar 1974, compared with 6.5 million tons in calendar 1973.

FATS, OILS, AND OILSEEDS

Meal Imports by Six Top Markets Increase

Net imports of oilseeds and meals into six major importing countries (Japan, West Germany, France, Denmark, the United Kingdom, and Spain) during the year ending September 30, 1973, amounted to 15.7 million metric tons (soybean-meal equivalent), 7.2 percent above the 1971-72 volume. The 1.06-million-ton increase would equal the protein fraction of 49 million bushels of soybeans.

Imports of soybeans and meal alone—at 10 million tons—increased by nearly 1.1 million tons from the 1971-72 volume. This is equal to the protein fraction of 50 million bushels of soybeans.

Fishmeal imports during 1972-73 declined to about 1 million tons (soybean-meal equivalent), 714,000 tons below the 1971-72 volume. The decline in fishmeal imports during 1972-73 was equal to the protein in 33 million bushels of soybeans.

In September 1973, import growth for all oilseeds and meals was nil compared with the same month a year ago. Imports of soybeans and meal at about 600,000 tons were 5 percent below

those of a year earlier. Fishmeal imports in September, at about 66,000 tons (soybean-meal equivalent), were less than one-half the September 1972 volume. These declines were partly offset by increased imports of other meals, largely peanut and cottonseed.

Hungary To Start Producing Soybeans

In its current drive to lower dependence on foreign soybean-producing countries. Hungary is putting into operation a program to raise soybeans on a few socialized farms.

Plans for 1974 call for planting some 30,000 acres of soybeans, the area to be gradually expanded to about 250,000 acres within 10 years.

Hungarian scientists selected seeds in the United States in 1971 for experimental purposes and they are reportedly now ready to go into full-scale production. Also, a team of Hungarian farm managers and other experts were in the United States recently to study production techniques and cultivation machinery. They will make recommendations to their Government on eventual machinery purchases.

The country's climate and soil are well suited to soybeans. However, Hungary's drive to produce soybeans will be expensive and its shortage of skilled technicians may be a serious handicap. Also, if world soybean prices go down, Hungary may find it cheaper to buy soybeans on world markets and raise corn instead.

Japan To Produce Protein From Grass

The Mitsubishi Corporation of Japan plans to build by 1975 their first plant for extracting protein from various types of grass using techniques developed by Hungarian experts. The process, called the Vepex method, extracts juice from grass by pressing and removes protein from the juice after coagulating it by heating. The protein product, reportedly, can be produced at lower costs than either soybean meal or fish meal.

Ten additional plants are expected to be built by 1985 and will annually produce 300,000 tons of protein and 900,000 tons of byproducts for Japanese industries. A survey team, composed of Hungarian and Japanese technical experts, is visiting Malaysia and Indonesia to select suitable sites for these factories.

FRUIT, NUTS, AND VEGETABLES

Finland Reduces Import Duties on Citrus

Effective November 15, 1973, the Government of Finland temporarily reduced its import duty on fresh oranges to 10 percent ad valorem and the import duty on fresh mandarins to approximately 1.8 U.S. cents per pound. These reductions will remain in effect until June 30, 1974.

Smaller Canned Pineapple Pack Reported in Malaysia

Malaysia reports drought conditions in early 1973 will cut current canned pineapple production. The 1972 canned pack was estimated at 2,818,000 cases (basis 24/2½), 7 percent below that of 1971.

Reports indicate acreage devoted to pineapple production has increased because of replacement of some rubber trees by pineapple under a rubber replanting scheme for smallholders. However, lower yields and cannery recovery rates are attributed to the declining state of many small pineapple holdings, which have not been properly maintained and have lost workers to higher paying jobs.

The Commonwealth countries, the United States, and West Germany are major markets for Malaysia's canned pineapple.

South Africa's Canned Pineapple Output Down

Current reports indicate drought conditions in the Eastern Cape production areas will cut South Africa's 1973 canned pineapple production. Total pineapple production for all uses is estimated at 169,400 short tons, 6 percent below that of 1972. Canners are expected to process about 81 percent, with the remainder of South Africa's pineapple output being utilized in the domestic and export fresh market.

The 1972 canned pineapple pack totaled 2,878,200 cases (basis 24/2½), and the pineapple juice pack 478,400 cases.

The United Kingdom is the largest South African export market for both canned pineapple and pineapple juice.

West German Announces Import Tender for Canned Asparagus

West Germany has announced a tender allowing imports of canned asparagus cuts and tips from a large number of countries. Applications for import licenses can be made until June 27, 1974. Licenses issued will be valid until June 30, 1974. The first day of customs clearance is January 1, 1974.

Australia To Aid Canned Fruit Industry

The Australian Government has announced it will provide an additional US$2.24 million in assistance payments to the domestic canned fruit industry. This sum is expected to compensate canners for international currency realinements made in 1971 and 1972. The money will be allocated among exporting canneries based on their exports in 1972 of canned peaches, apricots, pears, and mixtures of these fruits.

Preliminary calculations indicate payment will amount to approximately 35.6 cents per case (basis 24/2½). Several cooperative canneries had been given interim loans in 1972 through their State Governments.

SUGAR AND TROPICAL PRODUCTS

Canadian Mustard Seed Production Up 73 Percent

According to provisional data, the 1973 Canadian mustard seed crop totaled 262 million pounds, up 73 percent over the poor 1972 harvest of only 151.5 million pounds. The total area planted to mustard for the 1973 season was increased to 335,000 acres from 180,000 acres in 1972. Yields per acre in 1973 were 782 pounds, off from 842 pounds in 1972.

The United States relies on Canada for most of its mustard seed requirements. U.S. mustard seed imports in 1972 were a record 103.7 million pounds valued at $5 million, of which

101.9 million valued at $4.7 million were from Canada. U.S. mustard seed imports from all sources during the first 10 months of 1973 have totaled only 66.2 million pounds, down 27 percent from the corresponding period a year earlier, reflecting high prices and tight supplies. With the larger availabilities of mustard seed from the 1973 Canadian crop coming to market, imports should begin to pick up.

U.S. Candy Import Quota Set at 189 Million Pounds

The 1974 global quota of U.S. imports of sweetened chocolate, candy, and confectionery would be set at 189,661,650 pounds on a first-come, first-served basis, available to all countries, under a proposal recently announced by the U.S. Department of Agriculture (USDA).

Of this amount, 21,680,000 pounds would be reserved solely for the importation of "chocolate crumb" which is controlled by licenses issued by USDA's Foreign Agricultural Service.

The balance of the proposed global quota—167,981,650 pounds—would be available for importation on a first-come, first-served basis from any country, except that only 117,587,155 pounds of this amount could be imported on or before Sept. 30, 1974. The remainder—50,394,495 pounds—would be reserved for importation in the last quarter of the year, when seasonal holiday shipments occur.

The 1974 quota should not impose any actual restrictions on candy imports since it is estimated that about 30 percent of the 1973 quota of 177,050,900 pounds will remain unfilled. Individual candy shipments valued at $25 or less are not subject to the quota.

The Sugar Act of 1948, as amended, requires the Secretary of Agriculture to limit the importation of such products in 1974 to the larger of 1970-72 average imports (148,804,615 pounds) or 5 percent of 1972 confectionery sales of U.S. manufacturers in the United States (189,661,650 pounds).

These procedures of administering the quota will be the same as those currently used for the 1973 quota. Import licenses or prior clearance on imports will not be required.

LIVESTOCK AND MEAT PRODUCTS

South Africans Buy 569 U.S. Cattle

Between October 29 and the end of 1973, U.S. cattle breeders will have shipped 569 head of beef stock to farmers in the Republic of South Africa. Having a total f.o.b. value of about $450,000, the shipments consisted of Brahman and Santa Gertrudis bred and unbred heifers plus bulls.

Shipment dates and the number of cattle involved were: October 29, 98; November 10, 115; November 17, 122; December 2, 123; with 111 head scheduled for December 29. Four of the shipments are being sent by air and one by sea.

South African cattle importers have been trying to reduce shipping costs on cargoes from the United States by arranging for return loads to be sent to this country. The return consignment for the November 10 shipment was 20 rhinos which were flown to Washington, D.C.

The October-November total of 569 head compares with exports to South Africa of 516 head in calendar 1972, 218 head in 1971, and 204 head in 1970.

Japan Reinstates Pork Import Duties

On November 1, Japan reimposed import duties on pork as follows: 10 percent for pork whose import price is 63 cents or more per pound, and on pork having an import price below 63 cents per pound, a duty large enough to raise the customs-cleared price to 69 cents per pound.

Reinstatement was made because of recent fluctuations in the market which saw pork-carcass wholesale prices fall from a high of 90 cents per pound in August to an average of 72 cents per pound on October 31. This is substantially below the 76-cent-per-pound price at which imposition of the duty was mandatory.

Japanese duties on pork imports had been waived since February. During January-September 1973, U.S. exports of pork to Japan totaled 91.7 million pounds, compared with 35.8 million pounds the same months in 1972.

GENERAL

French Supermarkets Resist New Law

French supermarket operators are opposing enactment of a proposed law they believe will benefit small merchants at the expense of larger outlets. Already passed by the National Assembly and awaiting action by the Senate, the legislation would require new store units of over 1,000 square meters in large population centers and even smaller units in less populated towns to be okayed by local committees composed equally of politicians and small merchants.

A number of supermarkets have taken newspaper advertisements to point out to consumers the law would restrict or prohibit supermarket expansion while it perpetuates the more expensive neighborhood-store food distribution system.

At least one large supermarket has contracted for full-page ads in newspapers citing its claim that no one has the right to sacrifice the interests of 50 million consumers in favor of 700,000 small merchants.

Canada-Australia Sign Pact

Canada and Australia recently exchanged letters which outlined details of bilateral preferential tariffs each will extend to the other. The two countries previously had similar privileges through terms of their trade agreements with the United Kingdom. However, these pacts were terminated when Britain entered the European Community early this year.

The letter exchange supplements the 1960 Canada-Australia Trade Agreement and follows a similar exchange of letters by Canada and New Zealand in July. Under the new pact, dumping provisions of the 1960 agreement will be brought into conformity with the antidumping code of the General Agreement on Tariffs and Trade.

Other Foreign Agriculture Publications

- Larger World Cocoa Bean Crop Expected in 1973-74 (FCB-2-73)

Single copies may be obtained free from the Foreign Agricultural Service, USDA, Washington, D.C. 20250, Rm. 5918 S.; Tel.: 202-447-7937.

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Soybeans and Wine Are Leaders in Trade Between U.S. and France

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from 36 to 20 percent. In 1964, Algeria, the chief supplier among the group, sold $234 million to France compared with only $42 million in 1972.

Today, Morocco and the Ivory Coast are the most important Franc Zone suppliers; Morocco is an important source of fruits and vegetables and the Ivory Coast of coffee and other tropical products.

Feedgrains and wheat comprise the major commodities for French export, together grossing nearly $1.3 billion in 1972. France is the fourth largest exporter of wheat behind the United States, Canada, and Australia, averaging 6.1 million tons annually for the fiscal years since 1968. Last year, grain sales were the highest ever with 7.7 million tons of feedgrains and 5.4 million tons of wheat sold, principally to other EC members.

In 1972, however, the Soviet Union came into the market for 279,000 tons of wheat and 698,000 tons of feedgrains —the first sizable Russian purchases from France since 1966. Soviet wheat shipments thus far in 1973 are continuing strong and are up 50 percent for the first half of the year, compared with 1972.

Egypt, the only other major importer of French wheat outside Europe, took 447,000 tons of French wheat in 1972. The People's Republic of China, a regular customer during the 1960's, has not purchased wheat from France since 1970.

Imports of fruits and vegetables, perennially France's largest single agricultural import, topped $800 million in 1972—up 22 percent over 1971. Oranges were the largest single item at $141 million, with Spain supplying 45 percent and Morocco 27 percent of 1972 imports. Morocco's greatest contribution to the French fruit and vegetable market, however, is tomatoes. In 1972, this source provided 66 percent of the $68-million worth imported.

Prospects continue favorable for expanded growth of French agricultural production and consequently exports within the present framework of the CAP. Entry of the United Kingdom, Denmark, and Ireland into the EC have provided additional market opportunities, particularly in wheat and feedgrains. One limiting factor to larger grain exports might be a more rapid acceleration of the French livestock industry, which could redirect exportable supplies into domestic feed consumption.

The current overriding French concern regarding livestock industry expansion, however, relates to high protein feed availability. Overdependence on the United States for protein supplies has been the theme most often heard. France has been active in pushing for enactment of EC policies that will promote increased production of protein feeds, including soybeans, within the Community. One likely change could be larger purchases of oilseeds and a lesser percentage of meal as more domestic crushing facilities are built.

UNITED STATES: AGRICULTURAL TRADE WITH FRANCE
[In million dollars]

Commodity	1960-64	1965-69	1970	1971	1972
Exports:					
Soybean cake & meal	13.3	48.0	56.4	73.3	73.4
Soybeans	15.3	20.1	72.1	64.0	52.6
Variety meats	5.4	17.9	20.4	24.6	34.3
Wheat	10.3	22.1	12.6	6.7	11.9
Cotton	55.3	15.5	3.4	10.1	11.7
Cattle hides	.5	2.1	2.6	5.1	11.7
Citrus fruit	4.2	6.3	6.3	7.2	8.6
Horses, live	.1	.4	.7	2.3	6.1
Vegetables & preps	2.5	2.9	4.1	3.4	4.9
Tobacco, unmanufactured	4.0	5.0	6.4	5.9	4.9
Nuts & preps	.3	.8	4.3	4.9	4.7
Essential oils	1.8	2.5	3.3	3.9	4.4
Total	141.7	188.4	229.1	245.9	271.7
Imports:					
Wine	20.3	35.1	57.1	57.4	85.8
Essential oils	4.7	6.0	6.1	7.2	10.6
Vegetables & preps	2.3	1.7	.9	5.4	9.8
Feathers & down	8.4	2.3	3.3	3.6	6.3
Casein & casein glue	7.6	1.4	2.2	2.8	4.6
Cheese and curd	2.3	5.1	6.4	2.3	4.3
Molasses	1.6	1.2	2.5	2.5	4.2
Coffee extracts	—	1.4	1.5	1.0	3.2
Vermouth	2.0	3.6	4.1	3.6	3.1
Fruit & vegetable juices	.5	.6	1.1	2.0	2.7
Fruits, canned & glazed	1.9	2.6	2.8	2.2	2.5
Fur skins, unprocessed	—	—	1.6	1.4	2.4
Total	52.8	79.1	107.3	106.5	156.3

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